



POLAROID RETIREES ASSOCIATION, INC.  
P.O. BOX 1395 WALTHAM, MA 02254-1395

FILED

2001 DEC 10 PM 1:21

CLERK  
U.S. BANKRUPTCY COURT  
DISTRICT OF DELAWARE

7 December 2001

The Honorable Peter J. Walsh  
824 Market Street, Sixth Floor  
Wilmington, Delaware

Dear Judge Walsh:

As the President of the Board of Directors of the Polaroid Retirees Association (PRA), an organization of approximately 2000 members, I am writing to inform you of our existence and to express concerns on behalf of the membership about actions taken by the Polaroid Corporation that impact the health and financial well-being of its retirees.

On 11 July 2001, Polaroid issued a letter to its employees and retirees notifying them that the company was reducing its contribution for medical plan costs from approximately 80% to 50%. As a result of this change, retiree medical payments increased substantially beginning with the October premium.

Due to concerns about the long term viability of the Polaroid Retiree Health Plan, a liaison group from the PRA met with the President of Polaroid, Gary DiCamillo, in September and was assured by him that retiree health benefits were safe. There is an old adage "trust, but verify". This has subsequently become the adage of the PRA.

On 9 October 2001, Polaroid issued another letter to its retirees (see attachment) stating that "Regrettably we must terminate the Plans immediately. This letter is to officially inform you that the Retiree Health Plan and the Retiree Life Insurance benefits are terminated effective today".

Through the efforts of the PRA, a Polaroid sponsored meeting was held for all Polaroid retirees in Wilmington, MA on 30 October to explain medical plan options. It should be noted that without the pressure exerted by the PRA on Polaroid, this meeting would not have taken place and many retirees would have been struggling for information regarding health care providers, plan coverage's, and costs.

While Polaroid Corporation may have been within its legal bounds to terminate its retiree medical plans; it was less than forthright in its communications and acted in a manner which left most retirees unknowingly without medical coverage for a period of time.

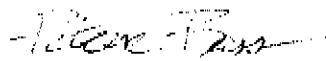
The PRA membership is now vitally concerned about a provision (a lump sum payment option) that was added to the Polaroid Pension Plan in 1998 and which now is a major factor contributing to the underfunding of the plan. Nearly all the retirees in the past several months have chosen the lump sum payment. While this option is attractive to current employees, it is very likely detrimental to the pension of existing retirees, most who did not have a lump sum option. The PRA is willing to act in any manner possible to protect the retirees' only remaining benefit, the pension.

It is inconceivable to the PRA that executives at Polaroid would be petitioning the court to allow payment of bonuses (as much as two times their current salaries), incentives, and awards for asset sales while continuing to lay off employees with little or no benefits, failing to honor severance and vacation pay commitments, and terminating health and insurance benefits for retirees.

The PRA offers itself as a resource to the court regarding Polaroid's past history well as promises that were made to employees. The majority of retirees spent a lifetime in this company, which was founded by Dr. Edwin Land who was recognized not only for his scientific prowess, but also for his forward thinking on employee relations

As you sit in judgment and consider the many Polaroid creditors, please also think of the damage that has already happened to the Polaroid retirees.

Sincerely,

A handwritten signature in dark ink, appearing to read "Peter Bass", with a stylized flourish at the end.

Peter Bass  
PRA President



Dear Polaroid Retiree,

October 9, 2001

For many years, Polaroid Corporation has maintained the Polaroid Retiree Health Plan and the Polaroid Retiree Life Insurance Plan (the "Plans") to provide medical coverage and life insurance coverage to bona-fide retirees of the company. Over the past several months, the Company's financial situation has rapidly deteriorated. After much analysis and consternation, the senior management team and the Board of Directors have concluded that it is necessary to conserve the assets of the Company by terminating the Plans.

Under the existing terms of the Plan, Polaroid has the right to amend or terminate coverage at its discretion. Given the financial constraints the Company is currently operating under, we believe this decision is in the best interest of the Company, its employees, creditors and other interested parties, including participants and beneficiaries in the Company's other employee benefit plans.

**Regrettably, we must terminate the Plans immediately. This letter is to officially inform you that the Retiree Health Plan and the Retiree Life Insurance benefits are terminated effective today. To determine the actual date that your medical coverage will end, please call the Fidelity Benefits Connection at 1 800 210 4015.**

The Company will make every effort to assist retirees during this difficult transition period. We know this change is very unsettling, and we are working to provide you with alternatives.

You may be eligible to continue your coverage in the Polaroid medical plan by paying the full-unsubsidized premium plus a reasonable administrative charge. If you qualify, Fidelity will provide additional information regarding this continuation of coverage and the associated costs in the near future.

#### **Alternatives**

One alternative supported by the Polaroid Retiree Association (PRA) will provide immediate access to medical insurance to over age 65 retirees through the association. Polaroid is working closely with the PRA's Board of Directors to coordinate an orderly transition for those retirees who want to take advantage of this new Plan. The good news is that you will be automatically enrolled in this plan with no lapse in coverage upon receipt of premium payment.

The Plan is offered through **Americana Financial**, a health services administrator that provides coverage under its retiree association group plan. Americana Financial offers a medical program to individuals with no restrictions for pre-existing medical conditions. Over the next few days you will receive from Americana Financial an enrollment kit including information about the plan, rates, identification card, certificate of coverage, and an invoice for the first month's premium. You can choose to enroll in this plan or seek another alternative.

If you have questions, please contact Americana Financial directly between the hours of 8:00 a.m. and 6:00 p.m. (EST), Monday through Friday at 1 888 883 3757, or visit their web site at [www.MemberNetUSA.com](http://www.MemberNetUSA.com) for further information on this program

Alternatively, participants may be eligible for other access programs, such as programs affiliated with **American Association of Retired Persons (AARP)**, or a spouse's plan. You may call 1 800 523 5800 between the hours of 7:00 a.m. and 11:00 p.m. for information on the AARP programs.

#### **Important Telephone Numbers**

| <b>Company</b>               | <b>Tel #</b>   | <b>Hours of Operation</b> |
|------------------------------|----------------|---------------------------|
| Americana Financial          | 1 888 883 3757 | 8:00am – 6:00pm EST       |
| AARP                         | 1 800 523 5800 | 7:00am – 11:00pm EST      |
| Fidelity Benefits Connection | 1 800 210 4015 | 8:30am – 8:00pm EST       |

If you have any questions or require further information, we suggest that you call the Fidelity Benefits Connection at 1 800 210 4015. Again, it is with great regret that we terminate this benefit, but the action is necessary given the Company's financial circumstances.

Sincerely,

*Neal D. Goldman*

Neal D. Goldman  
Executive Vice President, General Counsel  
& Chief Administrative Officer